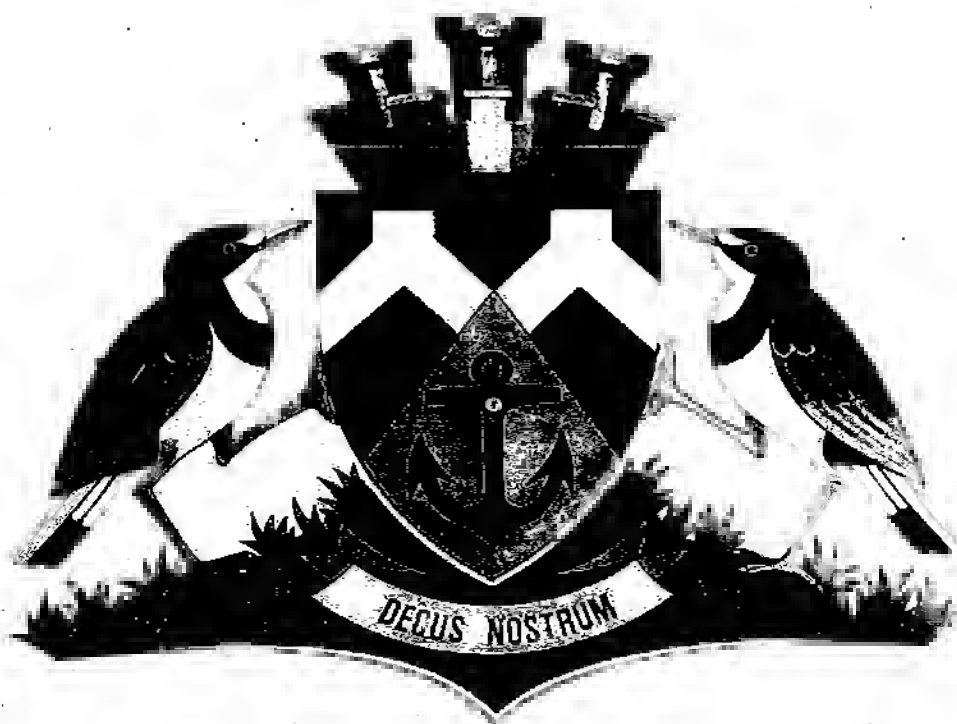


OVERBERG DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

OVERBERG DISTRICT MUNICIPALITY

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OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Overberg District Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act, (Act no 117 of 1998)

JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas
Overstrand
Swellendam
Theewaterskloof

MEMBERS OF THE COUNCIL

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
AG Klaas	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker
L Ntsabo	Overstrand	Mayoral Committee Member
MJ Koch	Swellendam	Mayoral Committee Member
CM Lamprecht	Theewaterskloof	Mayoral Committee Member
HD Coetzee	Proportional	Mayoral Committee Member
E Sauls	Cape Agulhas	Councillor
EC Marthinus	Cape Agulhas	Councillor
MD Opperman	Overstrand	Councillor
C Resandt	Overstrand	Councillor
NM Sapepa	Overstrand	Councillor
C Wood	Theewaterskloof	Councillor
S Fredericks	Theewaterskloof	Councillor
R Brinkhuys	Theewaterskloof	Councillor
UT Sipunzi	Theewaterskloof	Councillor
SH Fourie	Proportional	Councillor
KJ Tlemle	Proportional	Councillor
MH Witbooi	Proportional	Councillor
VE Mentile	Proportional	Councillor
JC Gelderblom	Proportional	Councillor

OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr D P Beretti

CHIEF FINANCIAL OFFICER

Mr CF Hoffmann

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRIMARY BANKER

Nedbank

RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act, 1998. (Act no 117 of 1998)

Municipal Systems Act, 2000. (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act, 1997. (Act no 108 of 1997)

Housing Act, 1997. (Act no 107 of 1997)

Municipal Property Rates Act, 2004. (Act no 6 of 2004)

Electricity Act, 1987. (Act no 41 of 1987)

Skills Development Levies Act, 1999. (Act no 9 of 1999)

Employment Equity Act, 1998. (Act no 55 of 1998)

Unemployment Insurance Act, 1966. (Act no 30 of 1966)

Basic Conditions of Employment Act, 1997. (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALGBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019 (Effective 1 July 2019)

OVERBERG DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 118 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and I am satisfied that the Municipality remains a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr D P Beretti
Municipal Manager

30 August 2019

Date

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
ASSETS			
Current Assets		43 929 397	42 097 868
Cash and Cash Equivalents	2	38 447 976	36 715 385
Receivables from exchange transactions	3	4 098 435	3 336 524
Receivables from non-exchange transactions	4	380 016	316 234
Operating Lease Asset	5	-	-
Taxes	6	167 091	704 190
Inventory	7	835 879	1 025 535
Non-Current Assets		119 698 673	94 526 121
Investment Property	8	12 879 850	13 059 850
Property, Plant and Equipment	9	64 491 799	45 756 445
Intangible Assets	10	305 058	388 472
Capitalised Restoration Cost (PPE)	11	13 589 393	6 888 783
Employee Benefits	12	28 432 572	28 432 572
Total Assets		163 628 070	136 623 990
Current Liabilities		31 030 323	33 015 415
Current Portion of Long-term Liabilities	13	2 872 212	2 556 280
Consumer Deposits	14	8 160	11 820
Payables from exchange transactions	15	5 103 636	4 820 362
Unspent Conditional Government Grants	16	10 925 434	14 851 181
Operating Lease Liability	5	-	-
Taxes	6	-	-
Current Employee benefits	17	12 120 881	10 775 772
Non-Current Liabilities		107 129 361	79 237 562
Long-term Liabilities	13	25 160 916	257 989
Employee benefits	18	51 478 643	57 648 956
Non-Current Provisions	19	30 489 802	21 330 616
Total Liabilities		138 159 683	112 252 976
NET ASSETS		25 468 386	24 371 013
COMMUNITY WEALTH			
Accumulated Surplus	20	25 468 386	24 371 013
		25 468 386	24 371 013

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		85 683 956	70 128 950
Transfer Revenue		74 857 602	64 290 241
Government Grants and Subsidies - Capital	21	1 483 000	890 000
Government Grants and Subsidies - Operating	21	73 374 602	63 400 089
Public Contributions and Donations	22	-	152
Other Revenue		10 826 354	5 838 709
Actuarial Gains	23	10 582 301	5 429 388
Insurance Receipts		244 053	409 321
REVENUE FROM EXCHANGE TRANSACTIONS		127 829 848	114 884 621
Operating Activities		127 829 848	114 884 621
Government Grants and Subsidies - Operating	21	93 794 943	81 190 509
Service Charges	24	1 472 725	74 753
Rental of Facilities and Equipment	25	16 161 890	15 737 164
Interest Earned - external investments		2 158 752	2 936 533
Licences and Permits		122 893	325 881
Agency Services	26	9 092 702	9 388 283
Other Income	27	4 143 624	3 748 804
Gain on disposal of Investment Property		882 318	1 482 693
TOTAL REVENUE		213 513 803	185 013 571
EXPENDITURE			
Employee related costs	28	101 195 223	91 112 721
Remuneration of Councillors	29	6 264 038	6 141 571
Debt Impairment	30	61 499	14 720
Depreciation and Amortisation	31	3 788 448	3 669 461
Impairment	32	3 752	25 099
Actuarial losses	33	422 066	74 960
Finance Charges	34	9 081 292	7 999 175
Contracted services	35	15 512 286	14 516 619
Transfers and Grants	36	360 000	120 000
Other Expenditure	37	72 883 572	64 043 198
Stock Adjustments		-	482
Loss on disposal of Property, Plant and Equipment		2 844 254	17 002
TOTAL EXPENDITURE		212 416 430	187 735 009
NET SURPLUS/(DEFICIT) FOR THE YEAR		1 097 373	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2017 - Previously Reported	15 390 558	15 390 558
Prior Period Adjustment - Refer to note 39.05	11 701 893	11 701 893
Balance on 30 June 2017 - Restated	27 092 451	27 092 451
Net Deficit for the Year	(2 721 438)	(2 721 438)
Balance on 30 June 2018 - Restated	24 371 013	24 371 013
Net Surplus for the Year	1 097 373	1 097 373
Balance on 30 June 2019	25 468 386	25 468 386

OVERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges		1 473 303	72 846
Other revenue		27 270 378	28 283 606
Government - operating		161 879 140	150 471 581
Government - capital		4 183 000	890 000
Interest		2 158 752	2 936 533
Payments			
Suppliers and employees		(195 201 356)	(172 688 218)
Finance charges		(1 032 733)	(405 710)
Transfers and Grants		(360 000)	(120 000)
NET CASH FROM OPERATING ACTIVITIES	40	370 484	9 440 638
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Investment Property		1 062 318	1 536 693
Payments			
Purchase of Property, Plant and Equipment		(25 676 444)	(5 318 103)
Purchase of Intangible Assets		-	(13 800)
NET CASH USED INVESTING ACTIVITIES		(24 614 126)	(3 795 210)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Loans Raised		28 392 514	-
Increase/(Decrease) in Consumer Deposits		(3 660)	-
Payments			
Loans repaid		(2 412 622)	(1 206 168)
NET CASH FROM/(USED) FINANCING ACTIVITIES		25 976 232	(1 206 168)
NET INCREASE IN CASH HELD		1 732 590	4 439 261
Cash and Cash Equivalents at the beginning of the year		36 715 385	32 276 125
Cash and Cash Equivalents at the end of the year		38 447 976	36 715 385

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
ASSETS			
Current assets			
Cash	38 447 976	39 527 598	(1 079 622)
Consumer debtors	3 134 962	1 281 938	1 853 024
Other Receivables	1 510 581	1 788 801	(278 220)
Inventory	835 879	1 025 535	(189 656)
Total current assets	43 929 397	43 623 871	305 526
Non current assets			
Employee Benefits	28 432 572	28 432 572	-
Investment property	12 879 850	1 198 950	11 680 900
Property, plant and equipment	64 491 799	74 130 879	(9 639 080)
Intangible Assets	305 058	307 082	(2 024)
Capitalised Restoration Cost	13 589 393	6 888 783	6 700 610
Total non current assets	119 698 673	110 958 266	8 740 407
TOTAL ASSETS	163 628 070	154 582 137	9 045 933
LIABILITIES			
Current liabilities			
Borrowing	2 872 212	2 872 212	-
Consumer deposits	8 160	11 820	(3 660)
Trade and other payables	16 029 069	14 449 650	1 579 419
Provisions and Employee Benefits	12 120 881	11 422 319	698 563
Total current liabilities	31 030 323	28 756 000	2 274 322
Non current liabilities			
Borrowing	25 160 916	25 160 916	-
Provisions and Employee Benefits	81 968 445	86 312 589	(4 344 144)
Total non current liabilities	107 129 361	111 473 505	(4 344 144)
TOTAL LIABILITIES	138 159 683	140 229 505	(2 069 822)
NET ASSETS	25 468 386	14 352 632	11 115 754
COMMUNITY WEALTH			
Accumulated Surplus and Reserves	25 468 386	14 352 632	11 115 754
TOTAL COMMUNITY WEALTH/EQUITY	25 468 386	14 352 632	11 115 754

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
ASSETS			
Current assets			
Cash	25 167 263	14 360 334	39 527 598
Consumer debtors	1 111 194	170 743	1 281 938
Other Receivables	4 014 546	(2 225 745)	1 788 801
Inventory	988 946	36 589	1 025 535
Total current assets	31 281 950	12 341 921	43 623 871
Non current assets			
Long-term receivables	28 432 572	-	28 432 572
Investment property	-	1 198 950	1 198 950
Property, plant and equipment	78 541 070	(4 410 190)	74 130 879
Intangible Assets	874 253	(567 171)	307 082
Capitalised Restoration Cost	8 817 832	(1 929 049)	6 888 783
Total non current assets	116 665 726	(5 707 460)	110 958 266
TOTAL ASSETS	147 947 676	6 634 461	154 582 137
LIABILITIES			
Current liabilities			
Borrowing	3 247 841	(375 629)	2 872 212
Consumer deposits	11 820	-	11 820
Trade and other payables	10 130 533	4 319 117	14 449 650
Provisions and Employee Benefits	11 042 050	380 269	11 422 319
Total current liabilities	24 432 244	4 323 757	28 756 000
Non current liabilities			
Borrowing	25 135 307	25 609	25 160 916
Provisions and Employee Benefits	89 843 311	(3 530 723)	86 312 589
Total non current liabilities	114 978 618	(3 505 113)	111 473 505
TOTAL LIABILITIES	139 410 862	818 644	140 229 505
NET ASSETS	8 536 814	5 815 818	14 352 632
COMMUNITY WEALTH			
Accumulated Surplus and Reserves	8 536 814	5 815 818	14 352 632
TOTAL COMMUNITY WEALTH/EQUITY	8 536 814	5 815 818	14 352 632

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
REVENUE BY SOURCE			
Service charges	1 472 725	3 106 769	(1 634 044)
Rental of facilities and equipment	16 161 890	11 355 019	4 806 871
Interest earned - external Investments	2 158 752	1 400 000	758 752
Interest earned - outstanding debtors	-	100	(100)
Licences and permits	122 893	134 958	(12 065)
Agency services	9 092 702	8 813 199	279 503
Government Grants and Subsidies - Operating	167 169 545	162 113 533	5 056 012
Other revenue	14 969 977	9 423 105	5 546 872
Gains on disposal of Assets	882 318	3 806 205	(2 923 887)
TOTAL OPERATING REVENUE	212 030 803	200 152 888	11 877 915
EXPENDITURE BY TYPE			
Employee related costs	101 195 223	98 629 831	2 565 392
Remuneration of councillors	6 264 038	6 325 516	(61 478)
Debt impairment	61 499	10	61 489
Depreciation & asset impairment	3 788 448	3 575 545	212 903
Finance charges	9 081 292	6 672 856	2 408 436
Contracted services	15 512 286	16 856 067	(1 343 781)
Transfers and Grants	360 000	480 000	(120 000)
Other Expenditure and Materials	73 309 390	71 363 703	1 945 687
TOTAL OPERATING EXPENDITURE	212 416 430	203 903 528	8 512 902
OPERATING DEFICIT FOR THE YEAR	(385 627)	(3 750 640)	3 365 013
Government Grants and Subsidies - Capital	1 483 000	4 183 000	(2 700 000)
NET SURPLUS FOR THE YEAR	1 097 373	432 360	665 013

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
REVENUE BY SOURCE			
Service charges	9 921 491	(6 814 722)	3 106 769
Rental of facilities and equipment	11 355 019	-	11 355 019
Interest earned - external investments	1 400 000	-	1 400 000
Interest earned - outstanding debtors	100	-	100
Licences and permits	134 958	-	134 958
Agency services	8 813 199	-	8 813 199
Government Grants and Subsidies -			
Operating	158 024 106	4 089 427	162 113 533
Other revenue	9 423 105	-	9 423 105
Gains on disposal of PPE	2 960 000	846 205	3 806 205
TOTAL OPERATING REVENUE	202 031 978	(1 879 090)	200 152 888
EXPENDITURE BY TYPE			
Employee related costs	105 553 309	(6 923 478)	98 629 831
Remuneration of councillors	6 168 774	156 742	6 325 516
Depreciation & asset impairment	3 101 298	474 247	3 575 545
Finance charges	5 625 450	1 047 406	6 672 856
Contracted services	19 698 898	(2 842 831)	16 856 067
Transfers and Grants	-	480 000	480 000
Other Expenditure and Materials	61 757 297	9 606 406	71 363 703
TOTAL OPERATING EXPENDITURE	201 905 026	1 998 502	203 903 528
OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD	126 952	(3 877 592)	(3 750 640)
Government Grants and Subsidies - Capital	1 483 000	2 700 000	4 183 000
NET SURPLUS/(DEFICIT) FOR THE YEAR	1 609 952	(1 177 592)	432 360

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	1 473 303	3 106 769	(1 633 466)
Other revenue	27 270 378	30 476 281	(3 205 903)
Government - operating	161 879 140	160 002 413	1 876 727
Government - capital	4 183 000	4 183 000	-
Interest	2 158 752	1 400 100	758 652
Payments			
Suppliers and Employees	(195 201 356)	(191 917 927)	(3 283 429)
Finance charges	(1 032 733)	(1 114 897)	82 164
Transfers and Grants	(360 000)	(480 000)	120 000
NET CASH FROM OPERATING ACTIVITIES	370 484	5 655 739	(5 285 255)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of Assets	1 062 318	3 806 205	(2 743 887)
Payments			
Capital assets	(25 676 444)	(31 868 590)	6 192 146
NET CASH USED IN INVESTING ACTIVITIES	(24 614 126)	(28 062 385)	3 448 259
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Loans Raised	28 392 514	28 392 514	-
Decrease in Consumer Deposits	(3 660)	-	(3 660)
Payments			
Repayment of borrowing	(2 412 622)	(3 173 655)	761 033
NET CASH FROM FINANCING ACTIVITIES	25 976 232	25 218 859	757 373
NET INCREASE IN CASH HELD	1 732 590	2 812 213	(1 079 622)
Cash and Cash Equivalents at the beginning of the year	36 715 385	36 715 385	-
Cash and Cash Equivalents at the end of the year	38 447 976	39 527 598	(1 079 622)

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	9 921 491	(6 814 722)	3 106 769
Other revenue	29 726 281	750 000	30 476 281
Government - Operating	158 024 106	1 978 307	160 002 413
Government - Capital	1 483 000	2 700 000	4 183 000
Interest	1 400 100	-	1 400 100
Payments			
Suppliers and Employees	(191 969 225)	51 298	(191 917 927)
Finance charges	(329 483)	(785 414)	(1 114 897)
Transfers and Grants	-	(480 000)	(480 000)
NET CASH FROM OPERATING ACTIVITIES	8 256 270	(2 600 531)	5 655 739
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	2 960 000	846 205	3 806 205
Payments			
Capital assets	(32 740 541)	871 951	(31 868 590)
NET CASH USED IN INVESTING ACTIVITIES	(29 780 541)	1 718 156	(28 062 385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Loans Raised	26 977 041	1 415 473	28 392 514
Payments			
Repayment of borrowing	(2 020 697)	(1 152 958)	(3 173 655)
NET CASH FROM FINANCING ACTIVITIES	24 956 344	262 515	25 218 859
NET INCREASE IN CASH HELD	3 432 073	(619 860)	2 812 213
Cash and Cash Equivalents at the beginning of the year	21 735 191	14 980 195	36 715 385
Cash and Cash Equivalents at the end of the year	25 167 263	14 360 334	39 527 598

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In terms of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.05.1 Prior year comparatives

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary Investigations indicated that, other than possibly additional disclosure, the Impact of the Standards on the financial statements will be not be significant.

1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.1.5 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.1.7 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.08.1.8 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.1.9 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.08.1.10 IGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.1.11 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.1.12 IGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.13 IGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.14 IGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

All Standards of GRAP currently issued, have effective dates.

1.09 RESERVES

1.09.1 Accumulated Surplus

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the Municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.10 INVESTMENT PROPERTY (CONTINUED)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	30
Land	Indefinite

1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land	Indefinite
Buildings	15 - 120
Infrastructure	10 - 120
Community	30 - 100
Leased Assets	3
Other Assets	1 - 100
Capitalised Resoration Cost	27 - 40

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	10
Computer Software Licences	10

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An Impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an Impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.4 Reversal of an Impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.14 INVENTORIES (CONTINUED)

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by Independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.15 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by Independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, if any, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.16 PROVISIONS (CONTINUED)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.17 LEASES (CONTINUED)

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial Instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An Impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.3 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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1.19 STATUTORY RECEIVABLES (CONTINUED)

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.4 *Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

1.26.2.2 Grants and Subsidies (Roads Function)

Grants or transfers (specifically relating to the roads functions performed) received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant or transfer is conditional. The liability is transferred to revenue as and when the conditions attached to the grant or transfer is met.

1.26.2.2 Investment Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

1.26.2.3 Rental Income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.27 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.35 RELATED PARTIES (CONTINUED)

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.36.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.36.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.36.9 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- (a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site; and
- (b) Refer to note 19 for other major assumptions utilised

1.36.10 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.36.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	17 302 108	8 840 885
Call Investments and Other Deposits	21 138 968	27 867 600
Cash Floats	6 900	6 900
Total	38 447 976	36 715 385
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	10 925 434	14 851 181
Unspent Annuity Loans	4 911 913	-
Rehabilitation Costs	144 879	-
Working Capital Requirements	22 465 750	21 864 205
	38 447 976	36 715 385
Primary Bank Account		
Bredasdorp Nedbank- Account number 11 7652 44 96		
Bank Statement Balance - Opening Balance	13 758 526	-
Bank Statement Balance - Closing Balance	-	-
Other Bank Accounts		
Bredasdorp ABSA - Account number 17 8000 00 62		
Bank Statement Balance - Opening Balance	8 844 306	466 906
Bank Statement Balance - Closing Balance	3 572 481	8 844 306
Cashbook Balances (All Current Accounts)		
Cashbook Balance - Opening Balance	8 840 885	415 467
Cashbook Balance - Closing Balance	17 302 108	8 840 885
The municipality does not have an overdraft facility		
Call and Notice Deposits		
Call and Notice Deposits consist out of the following accounts:		
ABSA Depositor Plus - Account Number 92 8755 1045	10 604 483	13 768 809
ABSA Depositor Plus - Account Number 92 8755 0641	2 434	14 098 791
Nedbank Call Account - Account Number 03 788 171 4042	10 532 051	-
	21 138 968	27 867 600

Interest of between 6.5 % and 6.55 % (2018 - 6.50 %) are attracted by these short term deposits.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	3 302 247	175 449	3 126 798
Electricity	599	262	337
Water	1 385	21	1 364
Housing rental	46 797	21 208	25 589
Sundry Debtors	3 253 467	153 958	3 099 508
Other Receivables	971 637	-	971 637
Accrued Interest	115 533	-	115 533
Payments in Advance	856 104	-	856 104
Total	4 273 884	175 449	4 098 435

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	2 136 250	114 694	2 021 557
Electricity	1 967	263	1 704
Water	595	-	595
Housing rental	44 711	9 915	34 797
Sundry Debtors	2 088 978	104 516	1 984 462
Other Receivables	1 314 967	-	1 314 967
Accrued Interest	184 499	-	184 499
Payments in Advance	1 130 468	-	1 130 468
Total	3 451 218	114 694	3 336 524

Balance Previously Reported	2 915 008	114 694	2 800 314
Prior Period Adjustment - Refer to note 39.01	536 210	-	536 210
Restated Balance on 30 June 2018	3 451 218	114 694	3 336 524

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	76	1 319
Past Due (31 - 60 Days)	-	92
Past Due (61 - 90 Days)	-	79
Past Due (90 Days +)	523	476
Total	599	1 967
Water Ageing		
Current (0 - 30 days)	869	595
Past Due (31 - 60 Days)	319	-
Past Due (61 - 90 Days)	183	-
Past Due (90 Days +)	13	-
Total	1 385	595
Housing Rental Ageing		
Current (0 - 30 days)	-	2 929
Past Due (31 - 60 Days)	4 380	12 800
Past Due (61 - 90 Days)	-	8 350
Past Due (90 Days +)	42 417	20 632
Total	46 797	44 711
Sundry Debtors Ageing		
Current (0 - 30 days)	2 568 257	1 046 948
Past Due (31 - 60 Days)	277 801	82 718
Past Due (61 - 90 Days)	95 499	28 039
Past Due (90 Days +)	311 910	931 273
Total	3 253 467	2 088 978
Total Service Receivables Ageing		
Current (0 - 30 days)	2 569 202	1 051 790
Past Due (31 - 60 Days)	282 500	95 610
Past Due (61 - 90 Days)	95 682	36 469
Past Due (90 Days +)	354 863	952 381
Total	3 302 247	2 136 250

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Reconciliation of Allowance for Impairment		
Balance at the beginning of the year	114 694	133 375
Contribution to the provision	60 755	10 477
Electricity	(2)	263
Water	21	-
Housing rental	11 294	(13 368)
Sundry Debtors	49 442	23 582
Bad Debts Written off	-	(29 159)
Sundry Debtors	-	(29 159)
Balance at the end of the year	<u>175 449</u>	<u>114 694</u>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	13 300	5 137	8 163
Legal Fees	13 300	5 137	8 163
Other Receivables	371 853	-	371 853
Sundry Debtors	194 263	-	194 263
Suspense Debtors	177 589	-	177 589
Total	<u>385 153</u>	<u>5 137</u>	<u>380 016</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	14 774	4 394	10 381
Legal Fees	14 774	4 394	10 381
Other Receivables	305 853	-	305 853
Sundry Debtors	254 071	-	254 071
Suspense Debtors	51 783	-	51 783
Total	320 628	4 394	316 234

	2019 R	2018 R
Ageing of service receivables:		
Legal Fees Ageing		
Current (0 - 30 days)	682	-
Past Due (31 - 60 Days)	1 139	3 262
Past Due (61 - 90 Days)	-	2 846
Past Due (90 Days +)	11 479	8 666
Total	13 300	14 774

Reconciliation of Allowance for impairment

Balance at the beginning of the year	4 394	4 084
Contribution to the provision	743	4 243
Legal Fees	743	4 243
Bad Debts Written off	-	(3 934)
Legal Fees	-	(3 934)
Balance at the end of the year	5 137	4 394

The Allowance for Impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
5 OPERATING LEASES		
5.1 Operating Lease Asset		
The municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	140 963	130 548
Between 1 and 5 Years	85 833	226 797
	226 797	357 344
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has an undetermined conditional income.		
The lease payments are in respect of properties being leased out over a period ranging up to 2021 (2018: 2021)		
5.2 Operating Lease Liability		
The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.		
Within 1 Year	169 932	279 192
Between 1 and 5 Years	130 565	244 510
	300 497	523 702
The operating lease liability relates to the following lease arrangements:		
The Municipality entered into a lease agreement with Theewaterskloof Local Municipality for additional office space. The lease agreement commenced on 1 April 2017 and will run up to 31 March 2020. The initial monthly rental is R 1 495 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 31 March 2020.		

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

5 OPERATING LEASES (CONTINUED)

The Municipality entered into a lease agreement with Mr Johannes de Villiers D Kock for additional office space. The lease agreement commenced on 1 March 2017 and will run up to 28 February 2020. The initial monthly rental is R 11 910 (VAT inclusive) and the lease is subject to an annual increase of 6%. The municipality has the option to renew the lease after 28 February 2020.

6 TAXES

	2019 R	2018 R
VAT Output in Suspense	(162 633)	(145 203)
VAT Input in Suspense	106 419	163 339
VAT (Payable to)/Refundable from SARS	223 305	686 054
Total	167 091	704 190

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

7 INVENTORY

Consumables	835 879	1 025 535
Printing & Stationary	17 882	33 203
Fuel & Oil	636 093	709 630
Spare Parts	49 776	43 046
Grader Blades	81 771	199 223
Cleaning Materials	28 890	18 663
Other	21 467	21 770
Total	835 879	1 025 535

Inventory is disclosed at the lower of cost or net realisable value.

No inventory was pledged as security for liabilities.

Inventory written off due to losses identified during the annual stores counts (including obsolete items).

	-	482
Inventory recognised as an expense during the year.	11 935 714	10 536 928

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
8 INVESTMENT PROPERTY		
Investment Property - Carrying Value	12 879 850	13 059 850
Balance Previously Reported		1 198 950
Prior Period Adjustment - Refer to note 39.02		11 860 900

The movement in Investment Property is reconciled as follows:

Investment Property - Opening Carrying Value	13 059 850	13 113 850
Cost	13 059 850	13 113 850
Disposals	(180 000)	(54 000)
Investment Property - Closing Carrying Value	12 879 850	13 059 850
Cost	12 879 850	13 059 850

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No Rental revenue were earned from Investment Properties

No repairs and maintenance cost were incurred on any investment properties in the current period.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2019

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	14 581 185	12 051 343	28 838	2 402 013	16 693 066	45 756 445
Cost	20 762 414	25 663 120	46 110	4 426 573	24 717 495	75 615 713
Accumulated Depreciation	(6 181 230)	(13 611 776)	(17 272)	(2 024 561)	(8 024 429)	(29 859 268)
Additions	488 933	22 421 199	-	-	2 766 311	25 676 444
Transfers	-	-	-	(538 996)	538 996	-
Cost	-	-	-	(990 428)	990 428	-
Accumulated Depreciation	-	-	-	451 431	(451 431)	-
Depreciation for the year	(240 340)	(627 991)	(806)	(960 184)	(1 506 481)	(3 335 802)
Disposals	(1 514 247)	(1 018 118)	-	(761 033)	(311 888)	(3 605 287)
Cost	(2 909 286)	(6 909 509)	-	(1 361 840)	(781 237)	(11 960 871)
Accumulated Depreciation	1 395 039	5 890 390	-	600 807	469 348	8 355 584
Closing Carrying Value	13 315 530	32 826 433	28 032	141 799	18 180 005	64 491 799
Cost	18 342 061	41 175 810	46 110	2 074 306	27 692 998	89 331 285
Accumulated Depreciation	(5 026 531)	(8 349 378)	(18 078)	(1 932 506)	(9 512 993)	(24 839 486)
Work In Progress	313 086	-	-	-	-	313 086
Borrowing Cost Capitalised	-	1 176 716	-	-	-	1 176 716

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2018

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	14 523 769	11 601 611	29 645	3 444 194	14 097 124	43 696 343
Cost	20 450 971	24 498 717	46 110	4 426 573	20 911 335	70 333 706
Accumulated Depreciation	(5 927 202)	(12 897 105)	(16 465)	(982 380)	(6 814 211)	(26 637 363)
Additions	311 444	1 164 403	-	-	3 842 257	5 318 103
Depreciation for the year	(254 028)	(714 671)	(806)	(1 042 181)	(1 229 313)	(3 240 999)
Disposals	-	-	-	-	(17 002)	(17 002)
Cost	-	-	-	-	(36 097)	(36 097)
Accumulated Depreciation	-	-	-	-	19 095	19 095
Closing Carrying Value	14 581 185	12 051 343	28 838	2 402 013	16 693 066	45 756 445
Cost	20 762 414	25 663 120	46 110	4 426 573	24 717 495	75 615 713
Accumulated Depreciation	(6 181 230)	(13 611 776)	(17 272)	(2 024 561)	(8 024 429)	(29 859 268)
Balance Previously Reported	15 722 588	10 886 940	28 838	2 402 013	16 716 066	45 756 445
Prior Period Adjustment - Refer to note 39.03	(1 141 403)	1 164 403	-	-	(23 000)	-
Restated Balance on 30 June 2018	14 581 185	12 051 343	28 838	2 402 013	16 693 066	45 756 445
Work In Progress	23 000	1 164 403	-	-	-	1 187 403

Balances included no capitalised borrowing cost

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

10 INTANGIBLE ASSETS

	2019 R	2018 R
Intangible Assets - Carrying Value	<u>305 058</u>	<u>388 472</u>

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	388 472	450 420
Cost	1 174 429	1 160 629
Accumulated Depreciation	(785 957)	(710 209)
Additions	-	13 800
Amortisation for the year	(83 413)	(75 748)
Closing Carrying Value	305 058	388 472
Cost	1 174 429	1 174 429
Accumulated Depreciation	(869 370)	(785 957)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value	<u>13 589 393</u>	<u>6 888 783</u>
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The movement in capitalised restoration cost is reconciled as follows:

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

11

CAPITALISED RESTORATION COST (PPE) (CONTINUED)

	2019 R	2018 R
Opening Carrying Value	6 888 783	8 817 832
Cost	8 966 923	10 518 160
Accumulated Depreciation	(1 995 084)	(1 642 371)
Accumulated Impairments	(83 056)	(57 957)
Additions	11 233 944	-
Disposals	(4 160 348)	(1 551 237)
Depreciation for the year	(369 233)	(352 713)
Impairment	(3 752)	(25 099)
Closing Carrying Value	13 589 393	6 888 783
Cost	16 040 518	8 966 923
Accumulated Depreciation	(2 364 317)	(1 995 084)
Accumulated Impairments	(86 808)	(83 056)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and IGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Overberg District Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 19 for more detail relating to this asset financed by way of a provision

The addition relates to the newly constructed cell completed in the current year (Cell 4), while the disposals relates to the decrease in cost estimates on Cells 1 to 3 referred to in note 19.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

12

EMPLOYEE BENEFITS

	2019 R	2018 R
Employee Benefits (Roads)	<u>28 432 572</u>	<u>28 432 572</u>
The movement in Employee Benefits (Roads) are reconciled as follows:		
Opening Balance	28 432 572	28 432 572
Contribution during the year	2 921 770	2 963 467
Current Service Cost	623 053	651 950
Interest Cost	2 298 717	2 311 517
Refunded to/(Claimed from) Department of Roads	(368 474)	(123 521)
Actuarial Gain	(2 553 296)	(2 839 946)
Total	<u>28 432 572</u>	<u>28 432 572</u>

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

Refer to note 18 for more detail relating to this receivable.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

13

LONG-TERM LIABILITIES

	2019 R	2018 R
Annuity Loans	27 878 644	296 754
Finance Lease Liabilities	154 484	2 517 515
Sub-Total	28 033 128	2 814 269
Less: Current portion of Long-term Liabilities	2 872 212	2 556 280
Annuity Loans	2 717 728	193 248
Finance Lease Liabilities	154 484	2 363 031
Total	25 160 916	257 989

Long Term Liabilities were fully utilised to purchase property plant and equipment in accordance with the Municipal Finance Management Act. The following Loans were unspent on 30 June:

Opening Balance - Unspent Loans/(Unpaid Loans)	(1 164 403)	-
Assets purchased	(22 316 198)	(1 164 403)
Annuity Loans Raised	28 392 514	-
Closing Balance - Unspent Loans/(Unpaid Loans)	4 911 913	(1 164 403)

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

INCA	103 505	296 754
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Interest is calculated at an interest rate of 9.45% (2018 - 9.45%) and the loan will be fully redeemed on 31 December 2019. The liability is not secured.

Standard Bank	27 775 138	-
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Interest is calculated at an interest rate of 11.17% and the loan will be fully redeemed on 28 August 2026. The liability is not secured.

27 878 644	296 754
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Annuity loans are payable as follows:

Payable within one year	5 719 597	216 873
Payable within two to five years	22 444 642	108 436
Payable after five years	12 625 111	-
Total amount payable	40 789 349	325 309
Less: Outstanding Future Finance Charges	(12 910 706)	(28 555)
Present value of annuity loans	27 878 644	296 754

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
13	LONG-TERM LIABILITIES (CONTINUED)		

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Lease Term
1	Avis (Vehicles)	10.03% to 17.49%	31 March 2016 - 30 April 2019 1 September 2016 to 30 September 2019
2	Nashua (Copiers)	10.50%	

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Copiers and Vehicles will be returned to the supplier at the end of the lease term when the contract is cancelled.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2019 R	2018 R	2019 R	2018 R
1	-	1 568 778	-	1 613 521
2	141 799	833 234	154 484	903 994
	141 799	2 402 013	154 484	2 517 516

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 9.

The municipality did not treat the accounting for cellular phones and tablets (leased contracts) correctly for the period ending 30 June 2018 and 30 June 2019 as per GRAP standards 13 and 17. The effect is not considered material for the entity.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

13 LONG-TERM LIABILITIES (CONTINUED)

	2019 R	2018 R
Finance Lease Liabilities are payable as follows:		
Payable within one year	156 800	2 558 389
Payable within two to five years	-	156 800
Total amount payable	156 800	2 715 189
Less: Outstanding Future Finance Charges	(2 316)	(197 674)
Present value of finance lease liabilities	154 484	2 517 515

14 CONSUMER DEPOSITS

Electricity	8 160	11 820
Total	8 160	11 820
Guarantees held in lieu of Electricity Deposits	-	-

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

15 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2 076 032	2 639 521
Payments received in advance	509 484	624 093
Retentions and Guarantees	2 030 563	1 039 740
Housing Rent Deposits	76 669	67 427
Suspense Accounts	410 888	449 581
Total	5 103 636	4 820 362

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured and the municipality did not default on any payables during the year.

The Retentions and Guarantees relates to a financial guarantee received from the Department of Transport and Public Works for the rehabilitation of land (R 1 039 740) as well as a retention to the value of R 990 823 relating to the upgrading of Karwyderskraal Cell 4.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

16

UNSPENT CONDITIONAL GOVERNMENT GRANTS

	2019 R	2018 R
National Government	1 115 381	362 545
Provincial Government	9 810 053	14 488 635
Balance Previously Reported		12 542 266
Prior Period Adjustment - Refer to note 39.04		1 946 369
Total	10 925 434	14 851 181

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

The significant unspent balance on 30 June 2018 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end.

17

CURRENT EMPLOYEE BENEFITS

Post Retirement Medical Benefits	3 057 496	3 057 496
Long Service Awards	783 903	647 892
Bonuses	2 369 870	2 060 618
Staff Leave	5 909 612	5 009 767
Total	12 120 881	10 775 772

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	2 060 618	1 781 453
Contribution during the year	4 954 974	4 425 305
Payments made	(4 645 722)	(4 146 140)
Closing Balance	2 369 870	2 060 618

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17.1 Current Employee Benefits (Continued)

	2019 R	2018 R
17 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
Staff Leave		
Opening Balance	5 009 767	4 403 942
Contribution during the year	1 519 569	835 035
Payments made	(619 723)	(229 210)
Closing Balance	5 909 612	5 009 767

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

18 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	49 440 121	56 007 663
Long Service Awards	5 879 921	5 346 681
Sub-Total	55 320 042	61 354 344
Less: Current portion of Employee Benefits	3 841 399	3 705 388
Post Retirement Medical Benefits	3 057 496	3 057 496
Long Service Awards	783 903	647 892
Total	51 478 643	57 648 956

18.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	56 007 663	57 584 774
Contribution during the year	6 820 215	6 614 235
Current Service Cost	1 564 033	1 521 754
Interest Cost	5 256 182	5 092 481
Payments made	(2 805 456)	(2 761 958)
Actuarial Gain	(10 582 301)	(5 429 388)
Total balance at year-end	49 440 121	56 007 663
Less Current Portion	3 057 496	3 057 496
Total	46 382 625	52 950 167

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2019	2018
In-service members	123	120
Continuation members	75	79
Total	198	199

The liability in respect of past service has been estimated to be as follows:

	2019 R	2018 R
In-service members	14 620 546	23 090 073
Continuation members	34 819 575	32 917 590
Total Unfunded Liability	49 440 121	56 007 663

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2017 R	2016 R	2015 R
In-service members	22 180 958	22 975 228	20 687 379
Continuation members	35 403 817	32 481 132	36 224 166
Total Unfunded Liability	57 584 775	55 456 360	56 911 545

Experience adjustments were calculated as follows:

	2019 R m	2018 R m
Liabilities: (Gain)/Loss	(3.062)	(2.001)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2017 R m	2016 R m	2015 R m
Liabilities: (Gain)/Loss	3 802	(3.887)	0.132
Assets: Gain/(Loss)	-	-	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18

EMPLOYEE BENEFITS (CONTINUED)

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Samwumed
Keyhealth

	2019	2018
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	9.09%	9.64%
Health Care Cost Inflation Rate	6.62%	7.59%
Net Effective Discount Rate	2.32%	1.90%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2018 - 63 for males and 58 for females), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 10 July 2019.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18

EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	14.621	34.820	49.440	
Health care inflation				
+ 1%	17.645	38.168	55.813	13%
- 1%	12.239	31.916	44.155	-11%
Discount rate				
+ 1%	12.306	32.001	44.307	-10%
- 1%	17.599	38.119	55.718	13%
Post-retirement mortality				
- 1 year	15.053	36.191	51.244	4%
Average retirement age				
- 1 year	15.692	34.820	50.512	2%
Continuation of membership at retirement				
- 10%	12.781	34.820	47.601	-4%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	0.829	4.359	5.188	
Health care inflation				
+ 1%	1.043	4.938	5.981	15%
- 1%	0.667	3.880	4.546	-12%
Discount rate				
+ 1%	0.677	4.321	4.999	-4%
- 1%	1.030	4.387	5.418	4%
Post-retirement mortality				
- 1 year	0.853	4.523	5.376	4%
Average retirement age				
- 1 year	0.908	4.457	5.365	3%
Continuation of membership at retirement				
- 10%	0.728	4.192	4.920	-5%

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18 EMPLOYEE BENEFITS (CONTINUED)

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2019 R	2018 R
Opening Balance	5 346 681	5 039 136
Contribution during the year	815 211	732 298
Current Service Cost	380 097	349 106
Interest Cost	435 114	383 192
Payments made	(704 037)	(499 713)
Actuarial (Gain)/Loss	422 066	74 960
Total balance at year-end	5 879 921	5 346 681
Less Current Portion	783 903	647 892
Total	5 096 018	4 698 789

The following members are eligible for long service bonuses:

	2019	2018
In-service members	317	302

The liability in respect of past service has been estimated to be as follows:

	2019 R	2018 R
In-service members	5 879 921	5 346 681
Total Unfunded Liability	5 879 921	5 346 681

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2017 R	2016 R	2015 R
In-service members	5 039 136	5 111 253	4 804 563
Total Unfunded Liability	5 039 136	5 111 253	4 804 563

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
18 EMPLOYEE BENEFITS (CONTINUED)		

Experience adjustments were calculated as follows:

Liabilities: (Gain)/Loss	(49 680)	261 414
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2017 R	2016 R	2015 R
Liabilities: (Gain)/Loss	27 580	314 926	272 504
Assets: Gain/(Loss)	-	-	-

	2019	2018
Key Actuarial Assumptions used are as follows:		

Interest Rates

Discount rate	8.13%	8.65%
General Salary Inflation (long-term)	5.55%	6.39%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.44%	2.13%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Last Valuation

The last valuation was performed on 10 July 2019.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2018 - 63 for males and 58 for females), which then implicitly allows for expected rates of early and ill-health retirement.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total Liability (Rm)	% change
Liability	5.880	
General salary inflation		
+ 1%	6.269	7%
- 1%	5.531	-6%
Discount rate		
+ 1%	5.518	-6%
- 1%	6.290	7%
Average retirement age		
- 2 years	4.962	-16%
+ 2 years	6.785	15%
Withdrawal rates		
- 50%	6.692	14%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	0.479	0.447	0.925	
General salary inflation				
+ 1%	0.526	0.478	1.004	9%
- 1%	0.438	0.418	0.856	-8%
Discount rate				
+ 1%	0.441	0.469	0.909	-2%
- 1%	0.523	0.421	0.944	2%
Average retirement age				
- 2 years	0.421	0.372	0.793	-14%
+ 2 years	0.531	0.520	1.052	14%
Withdrawal rates				
- 50%	0.602	0.513	1.115	20%

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Other Pension Benefits

Defined Benefit Plans	2019 R	2018 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	904 720	925 212
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in a sound financial position with a funding level of 103.7% (30 June 2017 - 102.6%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	8 523 623	7 136 749
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 127.3%. (30 June 2016 - 118%)		
Total	9 428 343	8 061 961

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18 EMPLOYEE BENEFITS (CONTINUED)

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

Defined Contribution Plans	2019 R	2018 R
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	79 353	75 904
SAMWU National Provident Fund	1 230 270	1 313 224
Total	1 309 623	1 389 128

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

19 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	30 489 802	21 330 616
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	21 330 616	20 764 061
Contribution during the year	9 159 186	566 555
Increase/(Decrease) In estimate	6 801 923	(1 551 237)
Interest Cost	2 357 263	2 117 792
Total balance at year-end	30 489 802	21 330 616
Less Current Portion	-	-
Total	30 489 802	21 330 616

There are no current portion associated with this provision as the municipality does not intend to rehabilitate any landfill sites in the next financial year.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

19

NON-CURRENT PROVISIONS (CONTINUED)

The total obligation at year-end can be attributed to the following sites:

Site	Expected Closure Date	2019 R	2018 R
Karwyderskraal - Cell 1 and 2	2042	12 418 485	13 432 175
Karwyderskraal - Cell 3	2042	6 645 460	7 898 441
Karwyderskraal - Cell 4	2042	11 425 857	-
Total		30 489 802	21 330 616

Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money – ie the discount rate. The discount rate used during the financial year was 10.15% (2018 – 10.20%).

The costs relating to Cells 1 to 3 decreased in the current year. This can be attributed to costs for storm water control measures for Cells 1 to 3 have decreased due to actual work that was done during construction of Cell 4 where the storm water channels were improved and lined with concrete filled geo-cells.

Estimated area to be rehabilitated (m²)

- Cell 1 and 2	46 050	46 050
- Cell 3	23 600	23 600
- Cell 4	42 200	-

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter for Karwyderskraal is (R/m²)

- Cell 1 and 2	270	292
- Cell 3	282	335
- Cell 4	271	-

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RESERVES

	2019 R	2018 R
Accumulated Surplus	25 468 386	24 371 013
Total	25 468 386	24 371 013

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

21

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

Conditional Grants - National Government

Financial Management Grant (FMG)

Expanded Public Works Program (EPWP)

Rural Roads Asset Management System

Conditional Grants - Provincial Government

Roads Subsidy

Health Subsidy

Other Provincial Allocations

Conditional Grants - National Departmental Agencies

Education, Training and Development Practices SETA

Total

Disclosed as:

Revenue from Non-Exchange Transactions (Operating)

Revenue from Non-Exchange Transactions (Capital)

Revenue from Exchange Transactions (Operating - Roads Subsidy)

Total

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

Management Services

Community & Technical Services

Total

The movements per grant can be summarised as follows:

21.01 Equitable Share

Grants Received

Transferred to Revenue - Operating

Closing Unspent Balance

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

2019
R

2018
R

67 902 000

57 286 000

67 902 000

57 286 000

4 021 165

4 672 455

1 000 000

1 250 000

1 125 000

1 142 000

1 896 165

2 280 455

96 596 006

83 375 807

93 794 943

81 190 509

161 969

163 870

2 639 094

2 021 428

133 374

146 337

133 374

146 337

168 652 545

145 480 598

73 374 602

63 400 089

1 483 000

890 000

93 794 943

81 190 509

168 652 545

145 480 598

67 902 000

57 286 000

5 830 602

7 004 089

94 919 943

81 190 509

168 652 545

145 480 598

67 902 000

57 286 000

(67 902 000)

(57 286 000)

-

-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

2019/2020 Financial Statements: Annual Report for the year ending 30 June 2019

	2019 R	2018 R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		

21.02 Financial Management Grant (FMG)

Grants Received	1 000 000	1 250 000
Transferred to Revenue - Operating	(1 000 000)	(1 250 000)
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

21.03 Expanded Public Works Program (EPWP)

Grants Received	1 125 000	1 142 000
Transferred to Revenue - Operating	(1 125 000)	(1 142 000)
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

21.04 Rural Roads Asset Management System

Opening Unspent Balance	362 545	-
Grants Received	2 649 000	2 643 000
Transferred to Revenue - Operating	(1 896 165)	(2 280 455)
Closing Unspent Balance	1 115 381	362 545

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.05 Roads Subsidy		
Opening Unspent Balance	12 661 983	7 215 129
Grants Received	87 726 827	86 637 363
Transferred to Revenue - Operating	(93 794 943)	(81 190 509)
Closing Unspent Balance	6 593 867	12 661 983
The road subsidy is utilised to upgrade and maintain the provincial roads network in the municipal area.		
21.06 Health Subsidy		
Grants Received	161 969	163 870
Transferred to Revenue - Operating	(161 969)	(163 870)
Closing Unspent Balance	-	-
Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.		
21.07 Other Provincial Allocations and SETA		
Opening Unspent Balance	1 826 653	1 755 069
Grants Received	5 497 345	2 239 348
Transferred to Revenue - Capital	(1 483 000)	(890 000)
Transferred to Revenue - Operating	(1 289 468)	(1 277 765)
Returned to Provincial Treasury	(1 335 343)	-
Closing Unspent Balance	3 216 187	1 826 653
Other Provincial Allocations includes grants such as:		
- Disaster and Risk Management		
- Provincial Finance Management Support Grant		
- SETA Training Fund		
- Greenest Municipality		
- Other Provincial Contributions		
21.08 Total Grants		
Opening Unspent Balance	14 851 181	8 970 198
Grants Received	166 062 140	151 361 581
Transferred to Revenue - Capital	(1 483 000)	(890 000)
Transferred to Revenue - Operating	(167 169 545)	(144 590 598)
Returned to Provincial Treasury	(1 335 343)	-
Closing Unspent Balance	10 925 434	14 851 181

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

2019/2020 Financial Statements: Annual Report

	2019 R	2018 R
22 PUBLIC CONTRIBUTIONS AND DONATIONS		
Individuals and Organisations	-	152
Total	-	152
23 ACTUARIAL GAINS		
Post Retirement Medical Benefits	10 582 301	5 429 388
Total	10 582 301	5 429 388
24 SERVICE CHARGES		
Landfill Revenue	1 472 725	60 000
Municipal Services	-	14 753
Total	1 472 725	74 753
The Landfill Revenue raised relates to the Karwyderskraal dumping site that became operational after the completion of Cell 4 in April 2019.		
25 RENTAL OF FACILITIES AND EQUIPMENT		
Resorts	16 128 250	15 676 114
Equipment	9 093	38 526
Other	24 547	22 525
Total	16 161 890	15 737 164
26 AGENCY SERVICES		
Roads	9 092 702	9 388 283
Total	9 092 702	9 388 283

The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
27 OTHER INCOME		
Administration Fees	71 434	75 407
Breakages and Losses	352	10 007
Cash Surpluses	1 093	25 310
Entrance Fees	188 346	287 652
Fire Services	3 012 387	2 500 000
Inspection Fees	127 977	118 257
Scrap	1 522	1 709
Shared Services	383 493	531 481
Sundry Income	357 021	198 982
Total	4 143 624	3 748 804

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

28 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	64 174 726	57 852 301
Bonus	4 954 974	4 425 305
Pension Fund Contributions	10 529 881	9 251 406
Medical Aid Contributions	4 167 786	3 814 018
Motor Vehicle Allowance	4 898 562	4 996 371
Overtime	2 767 903	2 454 528
UIF Contributions	525 019	475 205
Cellphone Allowance	434 666	378 400
Housing Allowances	599 396	644 663
Standby Allowance	2 662 358	2 342 087
Group Life Insurance	1 389 746	1 245 500
Bargaining Council Levy	113 177	30 203
Workmen's Compensation Contributions	513 329	496 839
Leave Contributions	1 519 569	835 035
Long service awards	380 097	349 106
Post Retirement Medical Benefits	1 564 033	1 521 754
Total	101 195 223	91 112 721

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
28 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of Key Personnel		
Key personnel are appointed on fixed term contracts.		
Remuneration of the Municipal Manager - D P Beretti		
Basic Salary	1 574 063	1 341 960
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	191 795	203 423
Housing Allowance	3 084	2 300
Cellphone Allowance	18 000	16 000
Bargaining Council Levy	-	17
Total	1 788 727	1 565 484
Remuneration of the Chief Financial Officer - CF Hoffmann (From July 2019)		
Basic Salary	781 107	-
Pension and UIF Contributions	1 636	-
Motor Vehicle Allowance	62 937	-
Housing Allowance	569	-
Cellphone Allowance	5 270	-
Other benefits and allowances	8 238	-
Total	859 757	-
Remuneration of the Chief Financial Officer - JCP Tesselaar (Up to June 2018)		
Basic Salary	-	1 001 503
Pension and UIF Contributions	-	1 785
Motor Vehicle Allowance	-	139 599
Housing Allowance	-	1 833
Cellphone Allowance	-	11 000
Other benefits and allowances	-	23 364
Bargaining Council Levy	-	74
Leave Payment	-	57 494
Total	-	1 236 652
Remuneration of the Director Community Services - PA Olivier		
Basic Salary	780 819	51 512
Pension and UIF Contributions	130 845	8 662
Motor Vehicle Allowance	90 226	4 178
Housing Allowance	1 459	98
Cellphone Allowance	18 000	1 253
Total	1 021 349	65 703

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

29

REMUNERATION OF COUNCILLORS

	2019 R	2018 R
Annual Remuneration	4 010 984	3 859 888
Pension Contributions	208 084	199 684
Motor Vehicle Allowance	1 645 369	1 682 400
Cellphone Allowance	399 600	399 600
Total	6 264 038	6 141 571

In-kind Benefits

The Executive Mayor and all the committee members are full-time. The Mayoral Committee Members are provided with secretarial support and an office at the cost of the Council.

Remuneration detail of Councillors

Mayor	AE Franken	1 031 601	1 033 555
Deputy Mayor	AG Klaas	764 221	740 123
Speaker	IM De Bruyn	765 979	736 306
Mayoral Committee	HD Coetzee	699 202	680 455
Mayoral Committee	MJ Koch	421 362	432 456
Mayoral Committee	CM Lamprecht	395 830	376 513
Mayoral Committee	MD Opperman	-	347 304
Mayoral Committee	L Ntsabo	397 949	35 164
Direct	KJ Tiemie	322 215	314 616
Direct	SH Fourie	329 978	320 136
Direct	MH Witbooi	325 644	314 763
Direct	JC Gelderblom	327 690	315 818
Direct	VE Mentile	329 150	327 119
Direct (Up to April 2017)	CA May	-	13 574
Part Time	MD Opperman	15 563	804
Part Time (From June 2019)	S Fredericks	1 114	-
Part Time	L Ntsabo	-	24 296
Part Time	NM Sapepa	16 736	16 021
Part Time	EL Sauls	11 696	11 406
Part Time	EC Marthlnus	11 897	13 283
Part Time (Up to May 2019)	IM Sileku	17 268	16 254
Part Time	R Brinkhuys	25 273	30 430
Part Time	UT Sipunzi	17 045	16 509
Part Time	C Wood	12 466	18 168
Part Time	CT Resandt	24 158	6 498
Total		6 264 038	6 141 571

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
30 DEBT IMPAIRMENT		
Receivables from exchange transactions	60 755	10 477
Receivables from non-exchange transactions	743	4 243
Total	61 499	14 720
31 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	3 335 802	3 240 999
Intangible Assets	83 413	75 748
Capitalised Restoration Cost (PPE)	369 233	352 713
Total	3 788 448	3 669 461
32 IMPAIRMENT		
Capitalised Restoration Cost (PPE)	3 752	25 099
Total	3 752	25 099
33 ACTUARIAL LOSSES		
Long Service Awards	422 066	74 960
Total	422 066	74 960
34 FINANCE CHARGES		
Annuity Loans	2 064 696	40 669
Finance Lease Liabilities	144 753	365 041
Rehabilitation Provision – Landfill Sites	2 357 263	2 117 792
Post Retirement Medical Benefits	5 256 182	5 092 481
Long Service Awards	435 114	383 192
Sub-Total	10 258 008	7 999 175
Less Finance Charges Capitalised	(1 176 716)	-
Total	9 081 292	7 999 175

The Accounting policy relating to borrowing cost were change in the current year. Refer to note 1.27. This change whereby interest is capitalised on qualifying assets had no effect on the comparative figures.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
35 CONTRACTED SERVICES		
Accounting, Business and Financial Management	1 117 657	2 208 372
Audit Committee	135 052	171 151
Burial Services	23 974	33 846
Contractors - Maintenance of Buildings and Facilities	677 746	428 295
Contractors - Maintenance of Equipment	2 080 552	1 997 476
Contractors - Maintenance of Unspecified Assets	2 952 317	2 161 168
Fire Services	1 892 901	1 947 881
Human Resources	281 448	332 490
Laboratory Services	315 932	260 500
Landfill site operational & maintenance	1 209 539	568 714
Legal Cost	1 072 610	923 028
Occupational Health and Safety	14 234	52 502
Project Management	1 662 826	1 880 346
Security Services	1 629 717	1 091 405
Other	445 782	459 446
Total	15 512 286	14 516 619
36 TRANSFERS AND GRANTS		
Bursaries	360 000	120 000
Total	360 000	120 000
37 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	452 166	439 510
Audit Fees	3 064 225	2 534 552
Bank Charges, Facility and Card Fees	166 978	118 817
Blades	599 787	555 549
Catering and Refreshments	68 302	50 397
Cleaning materials	52 082	32 465
Entertainment - Mayor	28 696	38 118
Equipment Rental	7 272 521	3 434 020
Freight Services	105 806	78 019
Fuel Cost	12 721 288	11 157 030
Hire Charges	229 905	270 920
Insurance	619 602	682 699
Materials and Small Tools	32 416 243	29 215 916
Management Fee	7 093	7 850
Membership Fees	898 533	1 113 741
Motor Vehicle Licence and Registrations	92 527	88 920
Municipal services	5 763 075	6 870 695

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

38 REPAIRS AND MAINTENANCE

Employee Related Costs	38 517 173	33 785 490
Contracted Services	7 594 582	5 238 856
Other Expenditure	54 701 601	45 423 549
Total	100 813 356	84 447 895

Land and Buildings (Including Resorts)	677 746	428 295
Machinery and Equipment	2 561 577	2 792 002
Landfill Site	1 213 974	599 967
Roads	89 950 920	75 379 302
Vehicles	6 409 139	5 248 329
Total	100 813 356	84 447 895

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

30 June 2019 11:10 AM

	2018 R
39 PRIOR PERIOD ADJUSTMENTS	
39.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS	
Balance Previously Reported	2 800 314
Office 365 licence fees relating to 2018/19 incorrectly paid and expensed in 2017/2018 - Refer to note 39.06	639 697
Account for SALGA expenses and credit note previously not included in records	(103 487)
Effect up to 30 June 2017 - Refer to note 39.05	(159 007)
Effect during 2017/18 - Refer to note 39.06	55 520
Restated Balance on 30 June 2018	3 336 524
39.02 INVESTMENT PROPERTY	
Balance Previously Reported	1 198 950
Recognise Investment Properties previously excluded from the records of the municipality - Refer to note 39.05	11 860 900
Restated Balance on 30 June 2018	13 059 850
39.03 PROPERTY PLANT AND EQUIPMENT	
Balance Previously Reported	45 756 445
Upgrading cost relating to Cell 4 Karwyderskraal and Upgrading of Fire Station incorrectly classified	-
Effect Land and Buildings Additions - 2017/18	(1 141 403)
Effect Other Assets Additions - 2017/18	(23 000)
Effect Infrastructure Additions - 2017/18	1 164 403
Restated Balance on 30 June 2018	45 756 445
39.04 UNSPENT CONDITIONAL GOVERNMENT GRANTS	
Balance Previously Reported	12 904 812
Limit revenue recognition in line with available funding available on 30 June 2018 (Roads) - Refer to note 39.06	1 946 369
Restated Balance on 30 June 2018	14 851 181

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2018 R
39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)	
39.05 ACCUMULATED SURPLUS	
Balance Previously Reported	13 920 272
Prior Period adjustments relating to 2017/18 - Refer to note 39.06	(1 251 152)
Prior Period Adjustments up to 30 June 2017	11 701 893
Account for SALGA expenses and credit note previously not included in records - Refer to note 39.01	(159 007)
Recognise Investment Properties previously excluded from the records of the municipality - Refer to note 39.02	11 860 900
Restated Balance on 30 June 2018	24 371 013
39.06 STATEMENT OF FINANCIAL PERFORMANCE	
Deficit Previously Reported	(1 470 285)
Office 365 licence fees relating to 2018/19 incorrectly paid and expensed in 2017/2018 - Refer to note 39.01	639 697
Account for SALGA expenses and credit note previously not included in records - Refer to note 39.01	55 520
Limit revenue recognition in line with available funding available on 30 June 2018 (Roads) - Refer to note 39.04	(1 946 369)
Restated Balance on 30 June 2018	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

40

	2019 R	2018 R
NET CASH FROM OPERATING ACTIVITIES		
Net Surplus/(Deficit) for the year	1 097 373	(2 721 438)
Adjusted for:		
Non-Cash Revenue	(11 736 291)	(6 912 081)
Actuarial Gains	(10 582 301)	(5 429 388)
Reduction in Landfill Site Provision	(271 672)	-
Gain on disposal of Investment Property	(882 318)	(1 482 693)
Non-Cash Expenditure	15 168 578	11 395 189
Debt Impairment	61 499	14 720
Depreciation and Amortisation	3 788 448	3 669 461
Impairment	3 752	25 099
Actuarial losses	422 066	74 960
Finance Charges	8 048 559	7 593 465
Stock Adjustments	-	482
Loss on disposal of PPE	2 844 254	17 002
Contributions - Provisions and Employee Benefits	8 418 673	7 131 200
Post Retirement Medical Benefits	1 564 033	1 521 754
Long Service Awards	380 097	349 106
Bonuses	4 954 974	4 425 305
Staff Leave	1 519 569	835 035
Expenditure - Provisions and Employee Benefits	(8 774 938)	(7 637 021)
Post Retirement Medical Benefits	(2 805 456)	(2 761 958)
Long Service Awards	(704 037)	(499 713)
Bonuses	(4 645 722)	(4 146 140)
Staff Leave	(619 723)	(229 210)
Other adjustments	(1 335 343)	(33 092)
Bad Debts Written Off	-	(33 092)
Grants Returned to Provincial Treasury	(1 335 343)	-
Operating Surplus before changes in working capital	2 838 052	1 222 756
Movement in working capital	(2 467 568)	8 217 882
Receivables from exchange and non-exchange transactions	(887 192)	(1 294 814)
Inventory	189 656	(37 071)
Payables from exchange transactions	283 274	1 745 812
Unspent Conditional Government Grants	(2 590 405)	5 880 983
Taxes	537 099	1 922 972
Cash Flow from Operating Activities	370 484	9 440 638

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
41 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	17 302 108	8 840 885
Call and Notice Deposits	21 138 968	27 867 600
Cash Floats	6 900	6 900
Total	38 447 976	36 715 385

Refer to note 2 for more details relating to cash and cash equivalents.

42 BUDGET COMPARISONS

42.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions - Service Receivables.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions and Unspent Conditional Government Grants.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains, Reversal of Debt Impairment, Reversal of Impairments and Insurance Receipts.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

42

BUDGET COMPARISONS (CONTINUED)

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Materials and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

42.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash	Align budget to audited actuals on 30 June 2018
Other Receivables	Align budget to audited actuals on 30 June 2018
Investment property	Align budget to audited actuals on 30 June 2018
Property, plant and equipment	Align budget to audited actuals on 30 June 2018 and decrease in projected costs for the construction of Karwyderskraal Cell 4.
Capitalised Restoration Cost	Align budget to audited actuals on 30 June 2018
Trade and other payables	Align budget to audited actuals on 30 June 2018
Provisions and Employee Benefits	Align budget to audited actuals on 30 June 2018
Accumulated Surplus and Reserves	Align budget to audited actuals on 30 June 2018

Statement of financial position - Budget versus Actual

Consumer Debtors	Variance mainly the result of outstanding amounts levied to Overstrand Local Municipality, Theewaterskloof Local Municipality and Cape Agulhas Local Municipality for fire services and solid waste disposal fees only paid after year-end.
Investment property	Internal property audit identified properties previously omitted from the records of the municipality.
Property, plant and equipment	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year.
Capitalised Restoration Cost	Significant rehabilitation costs associated with the newly constructed Cell 4 at Karwyderskraal not included in the budget of the municipality.
Trade and other payables	Roads expenditure exceeded the allocation received from Provincial Department in the current year resulting in a decrease in unspent funds compared to 30 June 2018.
Provisions and Employee Benefits	Unexpected actuarial gain realised in the current year on Post Retirement Benefits which were partially offset by an increase in the rehabilitation of landfill site provision on 30 June 2019.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

42

BUDGET COMPARISONS (CONTINUED)

Accumulated Surplus and Reserves	Variance mainly relates to the recognition of investment properties previously omitted from the records of the municipality combined with the revenue derived from the roads function exceeding the expectation in the budget.
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Statement of financial performance - Budget Adjustments

Service charges	Original Budget Incorrectly Included service charges based on the assumption that the newly developed Cell 4 at Karwyderskraal will be operational for the full year under review. Expectation in the budget revised to incorporate charges only to be levied from end of March 2019.
Government grants and subsidies - operating	New allocations received from Provincial departments.
Employee related costs	Budget adjusted to remove vacancies which were not filled in line with the initial expectation during the compilation of the original budget.
Contracted services	Decrease in landfill site operational cost in line with the adjusted timeframes relating to the completion of the newly developed Cell 4. Refer to Service Charges
Other Expenditure and Materials	Increase in budgeted allocation relating to other materials and other expenditure in the Roads department.
Government Grants and Subsidies - Capital	New allocations received from Provincial departments.

Statement of financial performance - Budget versus Actual

Service charges	Construction of Cell 4 completed 1 month after expected completion in March 2019 resulting in a variance in service charges levied.
Rental of facilities and equipment	Caping fees budget amounting to R 3.8 million budgeted in mSCOA as part of Other Revenue.
Government grants and subsidies - operating	Activities in roads department exceeded budgeted allocation in the current year.
Other revenue	Unexpected actuarial gain realised in the current year on Post Retirement Benefits.
Gains on disposal of Assets	Actual disposals in current year less than originally anticipated during the compilation of the budget.
Employee related costs	Activities in roads department exceeded budgeted allocation in the current year.
Finance charges	Roads department did not provide any budget allocation for interest on Post Retirement Benefits and Long Service Awards.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

42

BUDGET COMPARISONS (CONTINUED)

Other Expenditure and Materials	Large number of immaterial budget variances contributing to the variance identified in total (such as Legal fees exceeded budget allocation.)
Government Grants and Subsidies - Capital	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year.

Cash Flow Statement - Budget Adjustments

Service Charges	Original Budget incorrectly included service charges based on the assumption that the newly developed Cell 4 at Karwyderskraal will be operational for the full year under review. Expectation in the budget revised to incorporate charges only to be levied from end of March 2019.
Government grants	New allocations received from Provincial departments.
Cash (beginning and end of the year)	Align budget to audited actuals on 30 June 2018

Cash Flow Statement - Budget versus Actual

Other revenue	Expectation included in budget that fire services levied to other municipalities would have been paid before financial year-end
Government grants	Allocation from Roads higher than provided for in budget.
Proceeds on disposal of Assets	Actual disposals in current year less than originally anticipated during the compilation of the budget.
Capital assets	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year.

2019

R

2018

R

43

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

43.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	2 665 541	-
Unauthorised expenditure current year - operating	10 618 302	1 679 468
Unauthorised expenditure current year - capital	5 411 659	986 072
Approved by Council	(2 665 541)	-
Unauthorised expenditure awaiting approval	<u>16 029 961</u>	<u>2 665 541</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

43

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R
Unauthorised expenditure - Operating			
Municipal Manager	14 167 703	14 988 454	-
Corporate Services	8 581 169	9 865 818	-
Finance	25 301 673	24 094 017	1 207 656
Community Services	164 365 884	154 955 239	9 410 645
Total	212 416 430	203 903 528	10 618 302

The Unauthorised Expenditure incurred can be attributed to the roads function (Community Services), where both the budget and expenditure is determined by the Provincial Department as well as the disposal of Dennekhof where the loss on disposal was not budgeted for (Finance).

Unauthorised expenditure - Capital

Municipal Manager	11 433	12 200	-
Corporate Services	302 647	629 820	-
Finance	32 078	74 000	-
Community Services	36 564 229	31 152 570	5 411 659
Total	36 910 387	31 868 590	5 411 659

The Unauthorised Expenditure incurred can be attributed to a Non-Cash Addition relating to the rehabilitation cost of Cell 4 at Karwyderskraal.

43.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

	2019 R	2018 R
Opening balance (Revised)	221 239	-
Fruitless and wasteful expenditure incurred	-	221 239
Approved by Council	(221 239)	-
Fruitless and wasteful expenditure awaiting approval	-	221 239

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

43

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of Fruitless and wasteful expenditure incurred:

	2019 R	2018 R
SARS interest and penalties	-	221 239
Total	-	221 239

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

43.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	1 103 320	557 133
Irregular expenditure incurred	-	682 272
Approved by Council	(1 103 320)	(136 085)
Irregular expenditure awaiting approval	-	1 103 320

Details of Irregular expenditure incurred :

Not registered on Centralised Supplier Database (CSD)	-	144 281
Irregular expenditure on deviation	-	99 166
Actual Expenditure exceed quoted amount	-	11 480
Expenditure for which no quotes were obtained	-	16 720
Award made before a valid tax clearance certificate was obtained	-	410 625
Total	-	682 272

No disciplinary steps or criminal proceedings were instituted as a result of Irregular expenditure incurred.

44

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

44.1 Salga Contributions [MFMA 125 (1)(b)]

Opening balance	(490 771)	(703 501)
Expenditure incurred	870 375	1 022 645
Payments	(1 190 126)	(809 915)
Payments in advance	(810 522)	(490 771)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

44.2 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2019 R	2018 R
44.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	3 064 225	2 534 552
External Audit - Auditor-General	3 064 225	2 534 552
Payments	(3 064 225)	(2 534 552)
Outstanding Balance	-	-

44.2 VAT [MFMA 125 (1)(c)]

Opening balance	686 054	1 698 217
Amounts received during the year	(12 259 899)	(7 346 383)
Amounts paid during the year	1 160 767	-
Interest Earned on Refunds Due	22 474	-
Amounts (payable to)/claimable from SARS	10 613 909	6 334 220
Outstanding Balance	223 305	686 054
Vat in suspense due to cash basis of accounting	(56 214)	18 136

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

44.3 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Payments due to SARS	15 789 641	13 814 482
Payments	(15 789 641)	(13 814 482)
Outstanding Balance	-	-

44.4 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	23 158 046	20 666 643
Payments	(23 158 046)	(20 666 643)
Outstanding Balance	-	-

44.5 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

44

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

2019
R

2018
R

44.6 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following financial categories:

Between R 0 and R 2 000	-	-
Between R 2 000 and R 10 000	189 779	323 389
Between R 10 000 and R 30 000	262 015	770 541
Between R 30 000 and R 200 000	1 011 192	1 503 470
Above R 200 000	29 295 526	1 142 369
Total	30 758 511	3 739 769

Deviations by Nature:

Sole Supplier	228 402	972 001
Emergency	791 740	563 105
Exceptional Case	29 738 369	2 204 663
Total	30 758 511	3 739 769

The annuity loan raised in the current year amounting to R 28 392 514 is included as part of the Exceptional Cases disclosed above.

44.7 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45)

Supplier	Relationship		
Premium Computers (Candice Eksteen)	Father works at Denel. Fathers name not given.	64 625	115 985
Easy Mix (Arthur Carelse)	Helena De Jager works at Cape Agulhas Municipality	309 569	5 013 173

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Notes to the Financial Statements for the Year Ending 30 June 2019

		2019 R	2018 R
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)			
Boland Valuers (Johann Cristoffel Groenewald)	Me. E Groenewald is a Part Time Councillor at Stellenbosch Municipality	-	1 995
Soetmuis Agtien CC (Florence Pieterse)	Spouse is a member of the Audit Committee at Cape Agulhas Municipality	-	153 273
LVR Security Services (Leon Vosloo)	CJM Vosloo (spouse) is the Mayor at TWK Municipality, C Vosloo (daughter) Temporary Admin Clerk at TWK Municipality	123 950	101 806
Mubeko Africa (Hendri Niehaus)	Wife Janine Niehaus is a dietician at Northern Cape Department of Health	58 396	281 934
Altimax (Annalien Carstens and Erna Verryne Joubert)	Director's Spouse working at the Department of Higher Education and Training, Shareholder's Parent working at the Department of Social Development, Shareholder's Spouse is a pilot at Mango Soc Ltd	-	346 743
Undercover	Spouse is the CEO at Denel Overberg Test Range	-	2 486
S'Cees (Esmaralda Dreyer)	Neville Dreyer works at Health Department Hermanus ODM	-	1 965
Water Solutions Southern Africa (Pty) Ltd	The Non-Executive Director's spouse work at Ekurhuleni Metro Municipality as an Administrative Officer.	134 241	142 608

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1. The financial statements were prepared on the basis of the accounting policies and assumptions set out in the notes to the financial statements.

		2019 R	2018 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)			
44			
	Child is Councillor at Cape Agulhas Municipality		
Bredasdorp Square		-	1 150
	Owner's spouse works at the Department of Education and child works at the Department of		
Metsy Motors		284 779	151 228
	Member's spouse works at Departments of Education		
Piston Power		370 401	-
	One of the Director's spouse works at the City of Cape Town as Head of Invasive Species		
NCC Environmental Services (Pty) Ltd		64 595	-
	The spouse of the Chairman & Non-executive director is a member of the National Assembly		
SMEC South Africa (Pty) Ltd		2 137 984	1 922 571
	The owner's child works at the Department of Education		
Dynachem		28 795	-
	Owner's child works at the Hessequa Municipality		
Sydney Amanzi Management Solutions		3 750	-
Total		3 581 086	8 236 916

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
45 CAPITAL COMMITMENTS		
Commitments in respect of Capital Expenditure:	-	22 390 316
Approved and contracted for:		
Construction of Cell 4 Karwyderskraal	-	22 390 316
Total	-	22 390 316
This expenditure will be financed from:		
External Loans	-	22 390 316
Total	-	22 390 316

46 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

46.1 Credit Risk

The following financial assets are exposed to credit risk:

	2019 R	2018 R
Cash and Cash Equivalents	38 447 976	36 715 385
Receivables from exchange transactions	4 098 435	3 336 524
Receivables from non-exchange transactions	380 016	316 234
Total	42 926 427	40 368 144

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

46

FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and Immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to notes 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 and 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

46.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

The financial Instruments of the municipality is not directly exposed to any currency risk.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2019 R	2018 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	38 441 076	36 708 485
Long-term Liabilities (Including Current Portion)	(28 033 128)	(2 814 269)
Non-Current Provisions (Including Current Portion)	(30 489 802)	(21 330 616)
Net balance exposed	(20 081 854)	12 563 600

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2018 - 0.5%) increase in interest rates	(100 409)	62 818
1% (2018 - 1%) decrease in interest rates	200 819	(125 636)

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

46.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 719 597	22 444 642	12 625 111
Finance Lease Liabilities	156 800	-	-
Rehabilitation Provision	-	-	273 014 908
Payables from exchange transactions	4 594 151	-	-
Unspent Conditional Government Grants	10 925 434	-	-
Total	21 395 982	22 444 642	285 640 019

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	216 873	108 436	-
Finance Lease Liabilities	2 558 389	156 800	-
Rehabilitation Provision	-	-	210 100 866
Payables from exchange transactions	4 196 269	-	-
Unspent Conditional Government Grants	14 851 181	-	-
Total	21 822 711	265 236	210 100 866

Although the rehabilitation provision and the unspent conditional government grant is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

46.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

47 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

Cash and Cash Equivalents	38 447 976	36 715 385
Receivables from exchange transactions	3 242 332	2 206 056
Receivables from non-exchange transactions	380 016	316 234
Total	42 070 323	39 237 676

Financial Liabilities

Current Portion of Long-term Liabilities	2 872 212	2 556 280
Payables from exchange transactions	4 594 151	4 196 269
Long-term Liabilities	25 160 916	257 989
Total	32 627 279	7 010 538

48 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

VAT Receivable	167 091	704 190
Total	167 091	704 190

49 EVENTS AFTER REPORTING DATE

None

50 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

The Municipality is providing a project service to Community Development Workers in the Swellendam Municipal area. The project leads deployed in the district are remunerated by the Western Cape Provincial Administration.

The National Department of Environmental Affairs is providing the Municipality with the Working of Fire Team, a helicopter for fire fighting and the Working for the Coast team for the clearing of Alien vegetation.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

50 IN-KIND DONATIONS AND ASSISTANCE (CONTINUED)

The Municipality is operating resorts (Uilenkraalsmond and Dennehof) on land owned by the National Department of Public Works.

None of the abovementioned is considered significant to the operations of the Municipality

51 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

52 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

- 52.1 On 22 October 2014 a settlement agreement between the municipality and IMATU that the target date for implementation of job descriptions and review of organisational structures would be 1 April 2015. In the event of delays the final date for implementation would be 1 May 2015. At year end the abovementioned was partially finalised.

53 RELATED PARTIES

Related parties are defined in note 1.34

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

All charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Remuneration of Key Personnel and Councillors are disclosed in notes 28 and 29

No purchases were made during the year where Councillors, Management or Employees have an interest.

54 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Financial Performance						
Service charges	9 921 491	(6 814 722)	3 106 769	1 472 725	(1 634 044)	74 753
Investment revenue	1 400 000	-	1 400 000	2 158 752	758 752	2 936 533
Government Grants and Subsidies -						
Operating	158 024 106	4 089 427	162 113 533	167 169 545	5 056 012	144 590 598
Other own revenue	32 686 381	846 205	33 532 586	41 229 782	7 697 196	36 521 687
Total Operating Revenue	202 031 978	(1 879 090)	200 152 888	212 030 803	11 877 915	184 123 571
Employee costs	105 553 309	(6 923 478)	98 629 831	101 195 223	2 565 392	91 112 721
Remuneration of councillors	6 168 774	156 742	6 325 516	5 264 038	(61 478)	6 141 571
Debt impairment	-	10	10	61 499	61 489	14 720
Depreciation & asset impairment	3 101 298	474 247	3 575 545	3 792 200	216 655	3 694 560
Finance charges	5 625 450	1 047 406	6 672 856	9 081 292	2 408 436	7 999 175
Transfers and grants	-	480 000	480 000	360 000	(120 000)	120 000
Other expenditure and materials	81 456 195	6 763 575	88 219 770	91 662 178	3 442 408	78 652 262
Total Expenditure	201 905 026	1 998 502	203 903 528	212 416 430	8 512 902	187 735 009
Surplus/(Deficit)	126 952	(3 877 592)	(3 750 640)	(385 627)	3 365 013	(3 611 438)
Government Grants and Subsidies -						
Capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Surplus/(Deficit) for the year	1 609 952	(1 177 592)	432 360	1 097 373	665 013	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Capital expenditure & funds sources						
Capital expenditure	32 740 541	(871 951)	31 868 590	36 910 387	5 041 797	5 331 903
Transfers recognised - capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Borrowing	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
Internally generated funds	4 280 500	1 049 090	5 329 590	13 111 190	7 781 600	4 441 903
Total sources of capital funds	32 740 541	(871 951)	31 868 590	36 910 387	5 041 797	5 331 903
Cash flows						
Net cash from (used) operating	8 256 270	(2 600 531)	5 655 739	370 484	(5 285 255)	9 440 638
Net cash from (used) investing	(29 780 541)	1 718 156	(28 062 385)	(24 614 126)	3 448 259	(3 795 210)
Net cash from (used) financing	24 956 344	262 515	25 218 859	25 976 232	757 373	(1 206 168)
Net Cash Movement for the year	3 432 073	(619 860)	2 812 213	1 732 590	(1 079 622)	4 439 261
Cash/cash equivalents at beginning of year	21 735 191	14 980 195	36 715 385	36 715 385	-	32 276 125
Cash/cash equivalents at the year end	25 167 263	14 360 334	39 527 598	38 447 976	(1 079 622)	36 715 385

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

OVERBERG DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

Approved for issue by the Council of the Municipality on 11 October 2019. The Council is satisfied that the information presented in this schedule is true and correct and that it is in accordance with the relevant financial reporting standards.

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2018 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2019 R
<u>ANNUITY LOANS</u>						
INCA	9.45%	2019/12/31	296 754	-	(193 248)	103 505
STANDARD BANK (KARWYDERSKRAAL)	11.17%	2026/08/26	-	28 392 514	(617 376)	27 775 138
Total Annuity Loans			296 754	28 392 514	(810 624)	27 878 644
<u>FINANCE LEASE LIABILITIES</u>						
Avis (Vehicles)	10.03% -17.49%	2019/04/30	1 613 521	-	(1 613 521)	-
Nashua (Copiers)	10.50%	2019/09/30	903 994	-	(749 510)	154 484
Total Finance Lease Liabilities			2 517 516	-	(2 363 031)	154 484
Total Long-Term Liabilities			2 814 269	28 392 514	(3 173 656)	28 039 128

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2019

	30 JUNE 2019			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
MUNICIPAL VOTES						
Municipal Manager	10 358 513	(14 167 703)	(3 809 190)	11 402 457	(14 915 222)	(3 512 765)
Corporate Services	24 547	(8 581 169)	(8 556 622)	27 691	(8 291 385)	(8 263 694)
Finance	94 265 156	(25 301 673)	58 963 482	70 306 038	(22 463 712)	47 842 327
Community Services	118 865 588	(164 365 884)	(45 500 297)	103 277 385	(142 064 690)	(38 787 306)
Total	213 513 803	(212 416 430)	1 097 373	185 013 571	(187 735 009)	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2019

GFS CLASSIFICATION	30 JUNE 2019			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive and Council	9 975 020	(10 599 154)	(624 134)	10 870 976	(11 357 177)	(486 200)
Internal audit	-	(1 227 320)	(1 227 320)	-	(1 136 628)	(1 136 628)
Finance and administration	83 190 195	(36 038 394)	47 151 801	70 865 210	(32 165 814)	38 699 397
Planning and Development	-	(1 222 662)	(1 222 662)	-	(1 085 778)	(1 085 778)
Public Safety	4 602 563	(28 188 042)	(23 585 479)	2 590 665	(25 748 236)	(23 157 571)
Environmental Protection	20 800	(2 352 105)	(2 341 305)	27 860	(2 071 637)	(2 043 777)
Waste Management	1 744 397	(5 145 508)	(3 401 111)	67 500	(2 918 535)	(2 851 035)
Sport and Recreation	17 273 846	(17 859 240)	(585 394)	15 842 924	(17 574 153)	(1 731 228)
Health	284 862	(13 836 649)	(13 551 787)	489 751	(12 401 247)	(11 911 496)
Road Transport	96 422 118	(95 937 354)	484 764	84 258 684	(81 275 806)	2 982 878
Total	213 513 803	(212 416 430)	1 097 373	185 013 571	(187 735 009)	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2019

MUNICIPAL DEPARTMENTS	30 JUNE 2019			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Committee, Records & Councillor Support	-	(2 106 743)	(2 106 743)	-	(2 032 630)	(2 032 630)
Community Services Support	-	-	-	-	(3 114)	(3 114)
Comprehensive Health	161 969	(177 412)	(15 444)	163 870	(164 839)	(969)
Corporate Support	24 547	(1 560 047)	(1 535 500)	27 691	(1 742 992)	(1 715 301)
Council Expenditure	9 975 020	(8 197 171)	1 777 850	10 870 976	(8 324 851)	2 546 126
Emergency Services	3 119 563	(28 188 042)	(25 068 479)	2 590 665	(25 748 236)	(23 157 571)
Environmental Management	20 800	(2 362 105)	(2 341 305)	27 860	(2 071 637)	(2 043 777)
Executive (Community Services)	-	(1 036 985)	(1 036 985)	-	(71 963)	(71 963)
Executive (Corporate Services)	-	(286)	(286)	-	(604 405)	(604 405)
Executive (Finance)	-	(884 509)	(884 509)	-	(615 802)	(615 802)
Executive (Municipal Manager)	-	(2 189 578)	(2 189 578)	-	(1 948 079)	(1 948 079)
Executive Support	-	(212 406)	(212 406)	-	(1 084 247)	(1 084 247)
Expenditure	26 371	(3 039 292)	(3 012 921)	23 911	(2 769 480)	(2 745 569)
Financial Services	84 214 415	(18 142 034)	66 072 381	70 149 954	(16 050 766)	54 093 188
Financial Support	-	(152 257)	(152 257)	-	(95 176)	(95 176)
Human Resources	-	(2 007 555)	(2 007 555)	-	(1 923 945)	(1 923 945)
IDP & Communication	-	(1 222 662)	(1 222 662)	-	(1 085 778)	(1 085 778)
Information Services	-	(2 906 538)	(2 906 538)	-	(1 987 413)	(1 987 413)
Internal Audit	-	(1 227 320)	(1 227 320)	-	(1 136 628)	(1 136 628)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2019

Led, Tourism, Resorts & EPWP	17 273 846	(17 859 240)	(585 394)	15 842 924	(17 562 653)	(1 719 728)
Municipal Health	122 893	(13 659 237)	(13 536 343)	325 881	(12 236 408)	(11 910 527)
Performance & Risk Management	383 493	(1 118 567)	(735 074)	531 481	(1 335 640)	(804 159)
Revenue	24 369	(1 287 979)	(1 263 610)	138 173	(1 173 782)	(1 035 609)
Solid Waste	1 744 397	(5 145 508)	(3 401 111)	67 500	(2 918 535)	(2 851 035)
Supply Chain Management	-	(1 795 602)	(1 795 602)	-	(1 758 706)	(1 758 706)
Uitenkraalsmond	-	-	-	-	(11 500)	(11 500)
Roads Function	96 422 118	(95 937 354)	484 764	84 258 684	(81 275 806)	2 982 878
Total	213 513 803	(212 416 430)	1 097 373	185 013 571	(187 735 009)	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	GRANTS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	67 902 000	(57 902 000)	-	-	-
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 125 000	(1 125 000)	-	-	-
Rural Roads Asset Management System	362 545	2 649 000	(1 896 165)	-	-	1 115 380
Total	362 545	72 676 000	(71 923 165)	-	-	1 115 380
PROVINCIAL GOVERNMENT AND OTHER						
mSCOA Support Grant	-	280 000	(280 000)	-	-	-
Anti-Fraud	-	400 000	(170 890)	-	-	229 110
SETA Training Fund	78 078	202 345	(133 374)	-	-	147 049
Road Subsidy	12 661 953	87 726 627	(93 794 942)	-	-	6 593 867
Asset Management Grant	664 639	-	-	-	(664 639)	-
Municipal Finance Management Internship Programme	170 704	-	-	-	(170 704)	-
Health Subsidy	-	161 969	(161 969)	-	-	-
Greenest Municipality Competition	-	-	-	-	-	-
CDW Operational Support Grant	61 934	-	(3 003)	-	-	58 931
Local Government Graduate Internship Grant	45 561	72 000	(91 460)	-	-	26 101
Human Capacity Building Grant	120 000	360 000	(360 000)	-	-	120 000
Municipal Service Delivery and Capacity Building Grant	185 737	-	(185 737)	-	-	-
Municipal Finance Improvement Program - Resorts	500 000	-	-	-	(500 000)	-
Fire Safety Plan	-	1 000 000	(65 005)	-	-	934 995
Fire Service Capacity Building Grant	-	1 483 000	-	(1 483 000)	-	-
Municipal Service Delivery and Capacity Building Grant - Fire	-	1 700 000	-	-	-	1 700 000
Total	14 498 635	93 286 140	(95 246 379)	(1 483 000)	(1 335 343)	9 810 054
ALL SPHERES GOVERNMENT	14 851 180	165 962 140	(167 169 544)	(1 483 000)	(1 335 343)	10 925 434

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE						
Governance and administration	88 021 579	810 632	88 832 211	93 165 216	4 333 005	81 736 186
Executive and Council	11 875 549	743 855	12 619 404	9 975 020	(2 644 384)	10 870 976
Finance and administration	76 146 030	66 777	76 212 807	83 190 195	6 977 388	70 865 210
Community and public safety	21 012 087	3 825 000	24 837 087	22 161 272	(2 675 815)	18 923 341
Sport and recreation	15 391 081	1 125 000	16 516 081	17 273 846	757 765	15 842 924
Public safety	5 335 613	2 700 000	8 035 613	4 602 563	(3 433 050)	2 590 665
Health	285 393	-	285 393	284 862	(531)	489 751
Economic and environmental services	84 559 821	3 000 000	87 559 821	96 442 918	8 883 097	84 286 544
Road transport	84 459 821	3 000 000	87 459 821	96 422 118	8 962 297	84 258 684
Environmental protection	100 000	-	100 000	20 800	(79 200)	27 860
Trading services	9 921 491	(6 814 722)	3 106 769	1 744 397	(1 362 372)	67 500
Waste management	9 921 491	(6 814 722)	3 106 769	1 744 397	(1 362 372)	67 500
Total Revenue - Standard	203 514 978	820 910	204 335 888	213 513 803	9 177 915	185 013 571

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
EXPENDITURE						
Governance and administration	48 902 834	(182 333)	48 720 501	47 864 868	(855 633)	44 659 618
Executive and Council	10 617 006	(16 072)	10 600 934	10 599 154	(1 780)	11 357 177
Finance and administration	37 027 182	(159 462)	36 867 720	36 038 394	(829 326)	32 165 814
Internal audit	1 258 646	(6 799)	1 251 847	1 227 320	(24 527)	1 136 628
Community and public safety	56 993 259	2 562 759	59 556 018	59 883 932	327 914	55 723 636
Community and social services	-	-	-	-	-	-
Sport and recreation	15 219 502	2 828 944	18 048 446	17 859 240	(189 206)	17 574 153
Public safety	27 483 496	(68 342)	27 415 154	28 188 042	772 888	25 748 236
Health	14 290 261	(197 843)	14 092 418	13 836 649	(255 769)	12 401 247
Economic and environmental services	88 730 432	2 080 553	90 810 982	99 522 122	8 711 140	84 433 220
Planning and development	1 654 512	(370 564)	1 283 948	1 222 662	(61 286)	1 085 778
Road transport	84 459 821	2 523 053	86 982 874	95 937 354	8 954 480	81 275 806
Environmental protection	2 616 099	(71 939)	2 544 160	2 362 105	(182 055)	2 071 637
Trading services	7 278 501	(2 462 474)	4 816 027	5 145 508	329 481	2 918 535
Waste management	7 278 501	(2 462 474)	4 816 027	5 145 508	329 481	2 918 535
Total Expenditure - Standard	201 905 026	1 998 502	203 903 528	212 416 430	8 512 902	187 735 009
Surplus/(Deficit) for the year	1 609 952	(1 177 592)	432 360	1 097 373	665 013	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE						
Municipal Manager	13 073 549	743 855	13 817 404	10 358 513	(3 458 891)	11 402 457
Corporate Services	23 530	-	23 530	24 547	1 017	27 691
Finance	76 407 500	2 766 777	79 174 277	84 265 156	5 090 879	70 306 038
Community Services	114 010 399	(2 689 722)	111 320 677	118 865 588	7 544 911	103 277 385
Total Revenue by Vote	203 514 978	870 910	204 385 888	213 513 803	9 177 915	185 013 571
EXPENDITURE						
Municipal Manager	15 404 907	(416 453)	14 988 454	14 167 703	(820 751)	14 915 222
Corporate Services	10 551 240	(685 422)	9 865 818	8 581 169	(1 284 649)	8 291 385
Finance	23 500 569	599 448	24 094 017	25 301 673	1 207 656	22 463 712
Community Services	152 448 310	2 506 929	154 955 239	164 365 884	9 410 645	142 064 690
Total Expenditure by Vote	201 905 026	1 998 502	203 903 528	212 416 430	8 512 902	187 735 009
Surplus/(Deficit) for the year	1 609 952	(1 177 592)	432 360	1 097 373	665 013	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE BY SOURCE						
Service charges	9 921 491	(6 814 722)	3 106 769	1 472 725	(1 634 044)	74 753
Rental of facilities and equipment	11 355 019	-	11 355 019	16 161 890	4 806 871	15 737 164
Interest earned - external investments	1 400 000	-	1 400 000	2 158 752	758 752	2 936 533
Interest earned - outstanding debtors	100	-	100	-	(100)	-
Licences and permits	134 958	-	134 958	122 893	(12 065)	325 881
Agency services	8 813 199	-	8 813 199	9 092 702	279 503	9 388 283
Government Grants and Subsidies - Operating	158 024 106	4 089 427	162 113 533	167 169 545	5 056 012	144 590 598
Other revenue	9 423 105	-	9 423 105	14 969 977	5 546 872	9 587 665
Gains on disposal of PPE	2 960 000	846 205	3 806 205	882 318	(2 923 887)	1 482 693
Total Revenue (excluding capital transfers and contributions)	202 031 978	[1 879 090]	200 152 888	212 090 803	11 877 915	184 123 571

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
EXPENDITURE BY TYPE						
Employee related costs	105 553 309	(5 923 478)	99 629 831	101 195 223	2 565 392	91 112 721
Remuneration of councillors	6 168 774	156 742	6 325 516	6 264 038	(61 478)	6 141 571
Debt impairment	-	10	10	61 499	61 489	14 720
Depreciation & asset impairment	3 101 298	474 247	3 575 545	3 792 200	216 655	3 694 560
Finance charges	5 625 450	1 047 406	6 672 856	9 081 292	2 408 436	7 999 175
Contracted services	19 698 898	(2 842 831)	16 856 067	15 512 286	(1 343 781)	14 516 619
Transfers and grants	-	480 000	480 000	360 000	(120 000)	120 000
Other Expenditure and Materials	61 757 297	9 606 406	71 363 703	73 305 638	1 941 935	64 118 641
Loss on disposal of PPE	-	-	-	2 844 254	2 844 254	17 002
Total Expenditure	201 905 026	1 998 502	203 903 528	212 416 430	8 512 902	187 735 009
Surplus/(Deficit)	126 952	(3 877 592)	(3 750 640)	(385 627)	3 365 013	(3 611 438)
Government Grants and Subsidies - Capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Surplus/(Deficit) for the year	1 609 952	(1 177 592)	432 360	1 097 373	665 013	(2 721 438)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Community Services	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
Single-year expenditure						
Municipal Manager	72 000	(59 800)	12 200	11 433	(767)	36 304
Corporate Services	278 500	351 320	629 820	302 647	(327 173)	95 225
Finance	310 000	(236 000)	74 000	32 078	(41 922)	778 897
Community Services	5 103 000	3 693 570	8 796 570	14 248 032	5 451 462	4 421 478
Total Capital Expenditure by Vote	32 740 541	(871 951)	31 868 590	36 910 387	5 041 797	5 331 903

CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)

Governance and administration	642 500	73 520	716 020	344 506	(371 514)	897 188
Executive and council	18 000	(18 000)	-	-	-	16 213
Finance and administration	606 500	109 320	715 820	342 061	(373 759)	880 974
Internal audit	18 000	(17 800)	200	2 445	2 245	-

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Community and public safety	5 059 000	3 727 570	8 786 570	2 994 891	(5 791 679)	3 226 941
Sport and recreation	1 175 000	400 000	1 575 000	364 412	(1 210 588)	265 432
Public safety	3 683 000	2 900 000	6 583 000	2 311 311	(4 271 689)	2 895 874
Health	201 000	427 570	628 570	319 169	(309 401)	65 635
Economic and environmental services	62 000	(52 000)	10 000	20 849	10 849	43 372
Road Transport	-	-	-	3 261	3 261	5 609
Planning and development	18 000	(18 000)	-	1 652	1 652	13 238
Environmental protection	44 000	(34 000)	10 000	15 936	5 936	24 525
Trading services	26 977 041	(4 621 041)	22 356 000	33 550 141	11 194 141	1 164 403
Waste management	26 977 041	(4 621 041)	22 356 000	33 550 141	11 194 141	1 164 403
Total Capital Expenditure - Standard	32 740 541	(871 951)	31 868 590	36 910 387	5 041 797	5 331 903

CAPITAL EXPENDITURE (FUNDING SOURCES)

Provincial Government	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Transfers recognised - capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Borrowing	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
Internally generated funds	4 280 500	1 049 090	5 329 590	13 111 190	7 781 600	4 441 903
Total Capital Funding	32 740 541	(871 951)	31 868 590	36 910 387	5 041 797	5 331 903

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Service charges	9 921 491	(6 814 722)	3 106 769	1 473 303	(1 633 466)	72 846
Other revenue	29 726 281	750 000	30 476 281	27 270 378	(3 205 903)	28 283 606
Government - operating	158 024 106	1 978 307	160 002 413	161 879 140	1 876 727	150 471 581
Government - capital	1 483 000	2 700 000	4 183 000	4 183 000	-	890 000
Interest	1 400 100	-	1 400 100	2 158 752	758 652	2 936 533
Payments						
Suppliers and employees	(191 969 225)	51 298	(191 917 927)	(195 201 356)	(3 283 429)	(172 688 218)
Finance charges	(329 483)	(785 414)	(1 114 897)	(1 032 733)	82 164	(405 710)
Transfers and Grants	-	(480 000)	(480 000)	(360 000)	120 000	(120 000)
NET CASH FROM OPERATING ACTIVITIES	8 256 270	(2 600 531)	5 655 739	370 484	(5 285 255)	9 440 638
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	2 960 000	846 205	3 806 205	1 062 318	(2 743 887)	1 536 693
Payments						
Capital assets	(32 740 541)	871 951	(31 868 590)	(25 676 444)	6 192 146	(5 931 903)
NET CASH USED IN INVESTING ACTIVITIES	(29 780 541)	1 718 156	(28 062 385)	(24 614 126)	3 448 259	(3 795 210)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Loans Raised	26 977 041	1 415 473	28 392 514	28 392 514	-	-
Decrease In Consumer Deposits	-	-	-	(3 660)	(3 660)	-
Payments						
Repayment of borrowing	(2 020 697)	(1 152 958)	(3 173 655)	(2 412 622)	761 033	(1 206 168)
NET CASH FROM FINANCING ACTIVITIES	24 956 344	262 515	25 218 859	25 976 232	757 373	(1 206 168)
NET INCREASE/ (DECREASE) IN CASH HELD	3 432 073	(619 860)	2 812 213	1 732 590	(1 079 622)	4 439 261
Cash/cash equivalents at the year begin:	21 735 191	14 980 195	36 715 385	36 715 385	-	32 276 125
Cash/cash equivalents at the year end:	25 167 263	14 360 334	39 527 598	38 447 976	(1 079 622)	36 715 385